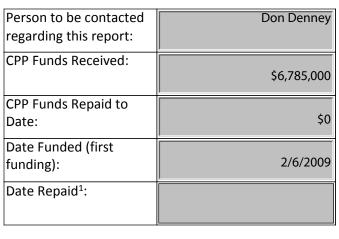
ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Monarch Community Bancorp, Inc.



RSSD:	
(For Bank Holding Companies)	891673
Holding Company Docket Number:	
(For Thrift Holding Companies)	N/A
FDIC Certificate Number:	
(For Depository Institutions)	29069
City:	
	Coldwater
State:	
	Michigan

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

	Our bank originated 45 loans of \$ 4,440,743.34 as a direct result of receiving of CPP funding. These loans would have not been considered without the CPP funding.

	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The majority of the lending associated with the CPP funds was residential or one to four family mortgages.
X	etc.).	The Company utilized CPP funds to purchase \$16 million in securities. We have continued to maintain a diversified securities portfolio, which includes obligations of U.S. government-sponsored agencies, securities issued by states and political subdivisions and Mortgage-backed securities.
	Make other investments	
	Increase reserves for non-performing assets	

	Reduce borrowings	
,	_	
	Increase charge-offs	
	increase charge-ons	
	Purchase another financial institution or	N/A
		N/A
	purchase assets from another financial	N/A
	Purchase another financial institution or purchase assets from another financial institution	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial	N/A
	purchase assets from another financial institution	N/A
	purchase assets from another financial institution	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A
	purchase assets from another financial institution Held as non-leveraged increase to total	N/A

What actions were you able to avoid because of the capital infusion of CPP funds? We have been able to remain well capitalized due to the infusion of CPP funds. Without the additional capital, the impact of the increased levels of net -charge off activity and loan loss provision in 2009, would have decreased our tier-1 capital level to below a well capitalized position.					

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?			
Our bank after a year of extreme loan loss is still able to take advantage of opportunities for further strengthen our position in the marketplace. In particular, we believe the investment will increase Monarch Community Bank's lending capacity, thereby enhancing our ability to assist our core customers and communities in meeting the challenges of a recession environment while positioning them to take full advantage of an economic recovery.			

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.				

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.